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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER	
CHEUNG, MARY DA ZHI WANG	

ART UNIT	PAPER NUMBER
3621	

DATE MAILED: 04/06/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/702,254	CURRANS ET AL.	
	Examiner	Art Unit	
	Mary Cheung	3621	MW

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *13 January 2004*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-29* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-29* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Status of the Claims

1. This action is in response to the amendment filed on January 13, 2004. Claims 1-29 are pending. Claims 1, 5 and 7-9 have been amended. Claims 21-29 have been added.

Response to Arguments

2. Applicant's arguments filed January 13, 2004 have been fully considered but they are not persuasive.

In response to the applicant's arguments regarding 35 U.S.C. 101 for claims 1-5 and 8-11, the basis of this rejection is set forth in a two-prong test of:

(1) whether the invention is within the technological arts; and

(2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, the claims 1-5 and 8-11 only recite an abstract idea. The recited steps of selling medium and charging the usages of content do not apply, involve, use, or advance the technological arts since all of the recited steps can be

performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to sell the medium and charging the usages of content over another. In Bowman (*Ex parte Bowman*, 61 USPQ2d 1665, 1671 (BD. Pat. App. & Inter. 2001) (Unpublished), the board affirmed the rejection under U.S.C. 101 as being directed to non-statutory subject matter. Although Bowman discloses transforming physical media into a chart and physically plotting a point on said chart, the Board held that the claimed invention is nothing more than an abstract idea which is not tied to any technological art or environment.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention sells the medium and charges the usages of the content.

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1-5 and 8-11 are deemed to be directed to non-statutory subject matter.

In response to the applicant's argument that it is not obvious for Downs (U. S. patent 6,574,609) to teach the pre-payment feature, the pre-payment feature is widely used, such as pre-paid phone cards, pre-ordering merchandise, etc. Thus, it would have been obvious to one of ordinary skill in the art to allow the different financial models to distribute the privileged content in Downs' teaching to include a pre-payment amount for better ensuring the royalty payment to the content provider.

In response to the applicant's argument that Downs does not teach "without the privileged content", Down teaches the medium (item 640 of Fig. 6) is sold to the user (item 609 of Fig. 6) without the digital content (item 630 in Fig. 6).

In response to the applicant's arguments that the first identifier or the first account in Down's teaching is purchaser's account not an account that identifies the media as claimed, examiner respectfully disagree because the clearinghouse 105 in Down's teaching handles the financial transactions (column 11 lines 40-50), and receives the identifier (item 650 in Fig. 6) that identifies the media.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-5 and 8-11 are rejected under 35 U.S.C. 101 because the claims represent abstract ideas that do not provide a practical application in the technological arts. There is no computer performing any steps; therefore, applicant is advised to embed a computer or process or module into these claims in order to overcome this rejection.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

6. This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

7. Claims 1-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Downs et al., U. S. Patent 6,574,609.

As to claims 1 and 21, Downs teaches a method of supplying medium having an identifier for the collection of transactional amounts incurred in using privileged content, comprising the steps of: selling the medium without the privileged content at a price includes a payment amount; sending the payment amount to a clearinghouse account referenced by said identifier (column 9 lines 56-62 and column 11 lines 40-52 and column 22 line 30 – column 23 line 46 and column 28 lines 4-7 and column 41 lines 14-20 and Fig. 6).

Downs does not specifically teach the selling price includes a pre-payment amount. However, the payment amount in Downs' teaching has to be authenticated before allowing the user to using the privileged content (column 18 lines 20-57). In addition, Downs teaches using different financial models to distribute the privileged content (column 12 lines 36-48). It would have been obvious to one of ordinary skill in

the art to allow the selling price in Downs' teaching to include a pre-payment amount for better ensuring the royalty payment to the content provider.

As to claims 2 and 22, Downs teaches said medium is consumable (column 9 lines 29-38 and Fig. 16).

As to claims 3 and 23, the modified method of Downs teaches confirming that the medium has been sold before sending the pre-payment amount (column 18 line 15-22 and see claim 1 above).

As to claims 4 and 24, Downs teaches said medium is a member of the class of consumable articles consisting of recordable compact discs, or mini-discs (column 57 lines 45-62).

As to claims 5 and 25, Downs teaches a method of providing for the collection of royalty payments for privileged content, comprising (column 40-52):

a) Providing an first identifier and a royalty amount to a clearinghouse to establish a first account reference by said first identifier (column 9 lines 56-62 and column 39 lines 3-4);

b) Receiving a key which corresponds to said first identifier (column 16 lines 5-12);

c) Combining said key with the privileged content thereby creating a merchantable content (column 16 lines 5-12);

d) Making the merchantable content available to at least one other person wherein when the merchantable content is used on a medium, the key and a second identifier identifying the medium are provided to the clearinghouse and

wherein the clearinghouse using the key to identify the first account and royalty amount, authorizing the royalty amount from a second account referenced by said second identifier to the privileged content provider account (said first account) (column 11 lines 40-50 and column 18 lines 15-42 and column 22 line 50 – column 23 line 46 and Fig. 6).

Downs does not explicitly state said royalty amount is transferred to said first account. It would have been obvious to one of ordinary skill in the art to allow the royalty amount to be transferred to the first account or the privileged content provider account as soon as the purchase is properly identified because this would accelerate the royalty payment to the content provider.

As to claim 6, Downs teaches the step of combining said key with the privileged content includes the step of encrypting said privileged content with said key to create said merchantable content (column 16 lines 5-12).

As to claim 7, Downs teaches a method of providing merchantable content having privileged content and a key to a user of the merchantable content, comprising the steps of (column 11 line 64 – column 12 line 12 and Figs. 1D, 6):

a) Providing a directory of merchantable content containing at least one merchantable content source to the user (column 64 line 28 – column 65 line 26 and Fig. 1D);

b) Allowing the user to download said at least one merchantable content source wherein said key represents a first identifier for an account for the owner of the privilege content such that use of the merchantable content on a medium causes

a second identifier for an account for the medium to be transferred to a clearinghouse to allow authorization of a royalty payment from the account for the medium to said account for the owner of the privilege content (column 11 line 64 – column 12 line 12 and column 18 lines 15-42 and column 22 line 50 – column 23 line 21 and column 82 lines 50-55 and Fig. 6).

Downs does not explicitly state said royalty payment is transferred to the account of the content owner. It would have been obvious to one of ordinary skill in the art to allow the royalty payment to be transferred to the content owner's account as soon as the usage of the content is properly identified because this would accelerate the royalty payment to the content owner.

As to claims 8 and 26, Downs teaches a method and a product of providing a clearinghouse for the exchange of transactional amount, comprising the steps of (column 18 lines 15-42 and Fig. 6):

a) Receiving a first identifier for a medium from a first party (column 18 lines 15-42 and Fig. 6);

b) Creating an first account for the first party referenced by said first identifier (column 18 lines 15-42 and column 22 line 50 – column 23 line 4 and Fig. 6);

c) Receiving a second identifier from a second party and a royalty amount representing the cost of using a privileged content (column 9 lines 56-62 and column 28 lines 4-7);

d) Creating a second account for said second party referenced by said second identifier (column 9 lines 56-62 and column 39 lines 3-4);

e) Providing a key to said second party (column 16 lines 5-12);

f) Receiving a transaction including the key and said first identifier when the medium is used with the privileged content (column 18 lines 15-42 and Fig. 6);

g) Using said key to identify said second account (column 18 lines 15-42 and column 22 line 50 – column 23 line 21 and Fig. 6);

h) Authorizing the royalty amount from said first account to said second account (column 18 lines 15-42).

Downs does not explicitly state said royalty amount is transferred from the first account to the second account. It would have been obvious to one of ordinary skill in the art to allow the royalty amount to be transferred from the first account (purchaser's account) to the second account (content provider's account) as soon as the purchase is properly identified because this would accelerate the royalty payment to the content provider.

As to claims 9 and 27, Downs teaches a method of using a merchant content, comprising the steps of (abstract):

a) Receiving the merchantable content (Figs. 5-6);

b) Retrieving a first identifier from a medium that references the medium (column 18 lines 15-42 and Fig. 6);

c) Using said merchantable content with said medium wherein the payment of a royalty amount is incurred by the use of the merchantable content (column 12 lines 39-47 and column 18 lines 15-42 and Fig. 6);

d) Retrieving a key from said merchantable content (column 18 lines 15-42 and Fig. 6);

e) Transmitting said key and said first identifier to a clearinghouse wherein the royalty amount is authorized from a first account referenced by said first identifier to a second account referenced by said key (column 18 lines 15-42 and Fig. 6).

Downs does not explicitly state said royalty amount is transferred from the first account to the second account. It would have been obvious to one of ordinary skill in the art to allow the royalty amount to be transferred from the first account (purchaser's account) to the second account (content provider's account) as soon as the purchase is properly identified because this would accelerate the royalty payment to the content provider.

As to claims 10 and 28, Downs teaches determining that a valid first identifier is received; and if not received, then preventing the steps of using said merchantable content (column 11 lines 22-24).

Claims 11 and 29 are rejected for the similar reasons as claims 1 and 9.

Claims 12 and 17 are rejected for the similar reasons as claims 8 and 9.

As to claim 13, Downs teaches the transmitter includes circuitry capable of using Internet (column 1 lines 61-67).

As to claim 14, Downs teaches the transmitter includes circuitry using a wireless communication link (column 7 lines 4-8).

As to claims 15 and 18, the verifier circuit and the disabler circuit are taught by Downs as the clearing house including capabilities to verify if the first identifier is valid,

and if there if no valid identifier received, preventing the usage of operation (column 11 lines 22-24).

As to claims 16 and 19, Downs teaches the medium use mechanism includes a decryption circuit coupled to said merchantable content receiver and said merchantable identifier capable of decrypting the merchantable content with said second identifier before using the merchantable content with the medium (column 22 line 50 – column 23 line 50 and Fig. 6).

As to claim 20, Down teaches the apparatus is a device from the group consisting of computers, printers, plotters, video cassette recorders, cassette players, MP players, compact disk players, floppy drives, zip drives, and fax machines (column 2 lines 2-13 and column 57 lines 45-62 and Figs. 12, 16).

Conclusion

8. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Inquire

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Mary Cheung whose telephone number is (703)-305-0084. The examiner can normally be reached on Monday – Thursday from 8:00 AM to 5:30 PM. The examiner can also be reached on alternate Fridays.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell, can be reached on (703) 305-9768.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

The fax phone number for the organization where this application or proceedings is assigned are as follows:

(703) 872-9306 (Official Communications; including After Final Communications labeled "BOX AF")

(703) 746-5619 (Draft Communications)

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, 7th Floor Receptionist.

JAMES P. TRAMMELL
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600

Mary Cheung
Patent Examiner
Art Unit 3621
April 2, 2004